

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Consideration of Technical Methods to Be
Applied in Workshare Discount Design

Docket No. RM2010-13

NOTICE OF FILING REVISED LIBRARY REFERENCE
PRC-RM2010-13-LR1 (revised)

(May 9, 2012)

The Commission serves notice that it is filing Library Reference PRC-RM2010-13-LR1 (revised). The original library reference calculated avoidable collection costs for the Metered Mail Base Group within Single-Piece First-Class letter mail. The revised library reference corrects workpapers used to develop the collection costs for the Metered Mail Base Group. This library reference contains two Excel files:

1. "FCM Single-Piece Letters Collection Cost_revised.xlsx"
2. "FCM Workshare Avoided Costs_revised.xlsx"

These files replace the two original files, "FCM Single-Piece Letters Collection Cost.xls", and "FCM Workshare Avoided Costs.xls", respectively.

Collection Cost. The Postal Service estimated the collection cost of various components of Single-Piece First-Class Mail in its response to Chairman's Information Request No.1 based on FY 2010 data. Chairman's Information Request No. 1, October 7, 2010 (CHIR No. 1). In its original library reference, the Commission partially updated the Postal Service's estimates using FY 2011 data. The updated calculations were

contained in file FCM Single-Piece Letters Collection Cost.xlsx. Cell I7 (eye-7) of that file mis-referenced the rural carrier collection costs for Single-Piece First-Class Mail cards when the intended reference was to the rural carrier collection costs for Single-Piece First-Class Mail letters. FCM Single-Piece Letters Collection Cost_revised.xlsx corrects the reference in cell I7. This correction increases the estimated unit avoidable collection cost for the Metered Mail Base Group from 2.410 cents to 2.571 cents.

Avoided Costs Table. FCM Workshare Avoided Costs.xls is an electronic version of the table that appears at page 31 of Order No. 1320. That table shows the FY 2011 avoided cost estimates for the following First-Class Automation Letter categories: Mixed Automated Area Distribution Center, Automated Area Distribution Center, Three-Digit, and Five-Digit. FCM Workshare Avoided Costs_revised.xlsx reflects the correction made to the FCM Single-Piece Letters Collection Cost_revised.xlsx file discussed above.

The Commission emphasizes that its collection cost workpapers serve only to illustrate how the new analytical principles adopted in Order No. 1320 would be applied to current data in the event that the Postal Service proposes to adjust discounts for presorted First-Class Mail. To that end, the Commission updated the workpapers that the Postal Service provided as documentation in response to CHIR No. 1. There were two instances where the Commission had to employ distribution percentages from FY 2010: (1) distributing component 6.1 in-office direct labor non-casing costs for single-piece letters between collection and delivery costs (cells D6 – D8); and (2) distributing the single-piece letters collection cost by indicia (lines 3 and 5 – 7). The next time that

the Postal Service adjusts its prices for First-Class Mail or files an Annual Compliance Report, it should update this file to reflect current distributions.

In the future, the Postal Service should file supporting workpapers, as well as SAS logs and output files, to allow the Commission to verify its distribution of collection costs by indicia, as well as its 6.1 non-casing costs associated with single-piece letters.

Shoshana Grove
Secretary